

**GREENHEAD COLLEGE CORPORATION**  
**Minutes of the Finance & Estates Committee meeting**  
**Monday 14 November 2022, 4.00pm**

**immediately followed by Joint Meeting with Audit & Risk Cttee and Auditors, 5.00pm**

**Govs present:** Adrian Barrass (from 4.45pm); Chris Kneale (from 4.06pm); Craig Shannon (to 5.00pm); John Holroyd (Chair); Lisa Wilkinson (from 4.11pm); Richard Armstrong (Vice Chair); Simon Lett (Principal); Richard King (A&R Committee)

**In attendance:** Jess Norcliffe (to 4.25); Mo Bunter (to 5pm); Sarah Celensu (to 5pm); Sharon Roper (Clerk)

**Apologies:** Ian Lavan; John Blake; Mohammed Usman

**+ additional A&R joining from 5.00pm:**

**A&R Govs:** Alison Jones (from 4.45pm)

**Auditors:** Mike Benson (Murray Smith) (from 4.50pm); Wayne Brown (AuditOne, via Teams)

AGENDA ITEM	DISCUSSION	ACTION
<b>1. Welcome, apologies</b>	JHO welcomed participants, and specifically Sarah Celensu (Senior Finance Officer). Apologies as above.	
<b>2. Declarations</b>	No declarations of pecuniary/prejudicial interest.	
<b>3. Minutes 10/10/22</b>	<p><b>3.1</b> Minutes 10/10/22, previously circulated, agreed by Committee, signed by Chair, returned to Clerk for filing.</p> <p><b>3.2</b> Matters arising not covered on agenda:</p> <ol style="list-style-type: none"> <li>Min 3.2, page 2, SLE updated the committee that Niall Goulding has been employed 2 days per week to work on the finances until Mark Jones starts, which might be after February half term.</li> <li>Min 6, GT are responsible for any defects on the new build for 12 months after the handover provided it's part of the installation and scope of works.</li> <li>Min 15, SLE confirmed the student numbers on day 42 were 2724, A1 students 1277 and A2 students 1447.</li> <li>JHO asked about the outstanding actions for JBL, SLE confirmed JBL is aware of them and working on them and some are on the agenda.</li> <li>SLE confirmed the ONS review is still outstanding.</li> </ol>	Clerk
<b>4. September management accounts &amp; narrative</b>	<p><b>4.</b> SLE summarised, and Committee discussed September management accounts and narrative, previously circulated:</p> <ol style="list-style-type: none"> <li>JBL is working on the August accounts, and these will be forwarded to committee members.</li> </ol>	Clerk to forward

	<p>CSH checked that the accounts are year to date, therefore JBL must know the August figures, SLE agreed and said JBL was finalising the narrative and spreadsheet.</p> <p>2. No variance to ESFA income expected.</p> <p>3. Other income is low compared to last year's figures when we received a large covid support payment.</p> <p>4. Catering income is less than expenditure, the contract changes from October and then we will start receiving some profit share.</p> <p>5. Compass fee figure is estimated, the actual figure is now confirmed at £47,120.</p> <p>6. Bank interest received is higher due to better interest rates.</p> <p>7. Pay expenditure is less than forecast because the pay award has not been agreed yet, a contingency of £150,000 has been budgeted.</p> <p>8. Non-pay, IT and teaching support is £28000 more. Premises is front loaded and should stay to budget throughout the year.</p> <p>9. Operating surplus is over £1.5 million.</p> <p>10. JHO has contacted JBL to ask why in the cash flow tab we only finished with £1.6 million more than we started if we will make a surplus of over £2million. When JHO receives a definitive response, this will be circulated to the committee members.</p> <p>11. RAR asked about the relief on energy costs, SLE will find out the details.</p> <p>12. CSH asked if the cash platform is being actively managed and what return are we now expecting because the interest rates have risen. JHO added that his authorisation is needed to move the money, but he's never been asked to authorise anything.</p> <p>SCE said that she is managing the Flagstone investments, she will issue an update to members, of the breakdown of investments, interest rates, the accrued interest and maturity dates.</p> <p>SCE said currently as the funds mature it's being reinvested for the best interest rates for shorter periods of time. In response to CSH's question she confirmed no investment exceeds £85,000.</p> <p>SCE asked for confirmation of the authorisation process for the investments, it was agreed that new money invested, and reinvestments need authorising by JHO.</p> <p>CSH said that the investments need actively reviewing, RKL said there must be enough cash to cover one month's overheads, surplus can then be invested. RAR said capital investments may be needed by April 2023.</p> <p>13. CSH asked about pay expenditure running below budget, SCE confirmed there are no accruals in the accounts. JHO suggested taking this offline and will agree with SCE how this will be dealt with in future.</p> <p>14. CSH asked how the finances are currently being managed and the staff responsibilities.</p>	<p>JHO</p> <p>SLE</p> <p>SCE</p> <p>SCE</p> <p>JHO/SCE</p>
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	<p>SLE confirmed that JBL has been tasked with providing signed off end of year accounts. Until he leaves at the end of December, he will be the point of contact with GT, he will do the monthly accounts, and he will deal with any estates or finance issues that arise. His role has been ring fenced to these tasks.</p> <p>Niall Goulding, temporary finance manager, will look at monthly accounts and budget and the financial forecast. MBR is supporting the finance team daily and checking the invoices.</p> <p>15. LWI asked if there is a contingency plan in place if Mark Jones cannot start by April 2023. SLE said he will be in place by then and he might be able to start by February half term.</p>	
<b>5. 2021/22 Year-end Financial Statements</b>	<p>JHO proposed that this is discussed in the following Joint Meeting with A&amp;R committee where it is also on the agenda.</p> <p>CSH asked that the pension figures are discussed in the joint meeting, which he is unable to attend.</p>	JHO
<b>6. Pay award update</b>	<p>6. SLE gave a verbal update:</p> <p>1. An agreement has been reached for support staff which gives them a minimum 5% increase backdated to September.</p> <p>2. NEU have balloted their members, 88.5% of those who voted were in favour of strike action. The first strike day will be 30/11/22, this will affect 58 Greenhead teaching staff. The college will remain open for students. SLE has a meeting to discuss the strike with the union reps.</p> <p>3. NASUWT are balloting their members and the vote closes 9/1/23.</p>	
<b>7. Autumn budget &amp; Spending Review</b>	<p>7. SLE will do a note for governors for the Corporation meeting 5/12/22 following the Autumn statement and budget and how this will affect the education sector. The financial forecasts will need updating following the budget.</p>	
<b>8. Financial benchmarking</b>	<p>8. The data has been slimmed down to compare Greenhead against Maple colleges, the data relates to 2019 before the impact of the staffing restructure was seen or the funding increases.</p> <p>JHO feels it should be kept under review and looked at against more up to date information, the direction of travel is positive, but we are outliers in regard to total cash reserves and total reserves.</p> <p>RAR was disappointed that there was no summary comparing us against equivalent colleges.</p> <p>SLE said when the data is updated, Mark Jones will be asked to look at it against the college's strategy and do a</p>	

	<p>more detailed analysis.</p> <p>RAR said the comparatives can be narrowed further.</p> <p>LWI questioned the sample size and suggested only comparing against the three colleges that are most similar to us.</p> <p>RKI said it should be a dynamic process rather than snapshots on an annual basis.</p>	
<b>9. Catering &amp; cleaning updates</b>	<p>JNO brief update:</p> <p><b>9.1 Catering -</b></p> <ol style="list-style-type: none"> <li>1. JNO is holding meetings with the kitchen manager every 2 weeks and had a meeting with the area manager last week. The main discussions have been around the recent Health &amp; Safety audit.</li> <li>2. CKN asked what will happen with the Aromark contract when it ends in August 2024. SLE said a discussion will be needed with SLT and governors about Aromark, as they haven't fulfilled all their promises. JNO said they have to be given 6 months' notice and there is an option to extend for 2 years.</li> <li>3. MBR said an invoice has been submitted from Aromark for £21000 for internal issues, although this has been challenged, they were referred back to the contract.</li> <li>4. CKN and MBR said students feel the prices are expensive.</li> <li>5. RAR asked if they have done any surveys of their customers as promised, they haven't. MBR said it might be possible to run a survey before Christmas and another before half term.</li> <li>6. CSH asked if a log is being recorded of performance against contract and said it's important to find out why there are issues.</li> <li>7. RAR said we should retender before the contract ends and Aromark can still apply. SLE said bringing the catering back in-house should also be considered.</li> <li>8. JHO said the profit sharing from Aromark should start in October and JBL is due to meet the area manager and this needs to be followed up.</li> <li>9. CSH asked if periodic reviews are built into the contract, the answer to this is unknown.</li> <li>10. RKI suggested listing expectations against delivery and meeting with Aromark to discuss this. RAR said regular customer surveys, cost, quality, and variation were some of the expectations set from the beginning.</li> </ol> <p><b>9.2 Cleaning –</b></p> <ol style="list-style-type: none"> <li>1. Jade Stead, new cleaning supervisor has been appointed. Three new cleaners have also started.</li> <li>2. Cleaning staff have been moved from the national Minimum wage and onto the bottom of the Greenhead pay scale. This increases their wage from £9.50 to £10.40 per hour. LWI asked what the financial impact is, JNO replied it's £22,800 per year, and the national</li> </ol>	

	<p>minimum wage is due to rise to £10.32 from April 2023.</p> <p>3. RAR asked about implications from the legal judgement around part time staff. JNO explained that in the ruling all term-time only staff have to get 5.6 weeks per year holiday pay. Twenty staff needed their salaries adjusting, the cost to the college is £200 and we are now compliant.</p>	
<b>10. Premises &amp; Estates Update</b>	<p>SLE gave a verbal update: Boilers have been commissioned and we're awaiting a gas certificate. The heating is on, but there is no way to control it from JBL's office or the premises office, this is being chased. SLE is currently managing the Premises manager.</p>	
<b>11. COVID risks</b>	COVID risks, mitigation: nothing additional on this occasion.	
<b>12. Policies</b>	<ol style="list-style-type: none"> <li>1. Health &amp; Safety</li> <li>2. Financial Procedures &amp; Regulations (Procedure)</li> </ol> <p>Awaiting policy updates from JBL.</p>	JBL
<b>13. AoB</b>	None.	
<b>14. Confidentiality</b>	No confidential aspects identified.	
<b>15. Date next mtg</b>	F&E Committee Mon 20 Feb 2023, 4.30pm.	Govs note
<b>JOINT MEETING</b>	<p><b>Joint Meeting with Audit &amp; Risk Committee and Auditors, 5.00pm, to consider 2021/22 Year-end Financial Statements, External Audit Report 2021/22, and draft Corporation Annual Report 2021/22, all previously circulated</b> <i>(these Joint Meeting minutes are replicated in A&amp;R Committee minutes).</i></p> <p><b>Joint Meeting with Finance &amp; Estates Committee, 5.00pm, to consider 2021/22 Year-end Financial Statements, External Audit Report 2021/22, and draft Corporation Annual Report 2021/22, all previously circulated</b> <i>(these Joint Meeting minutes are replicated in F&amp;E Committee minutes).</i></p> <p><b>Joint-1.</b> Year-end Financial Statements, previously circulated.</p>	

**Joint-2.** External Audit Report 2021/22 (Audit Completion Report). Mike Benson reported:

1. Key risks identified which Murray Smith are comfortable with, also substantive audit of balance sheet items, and analytical review of expenditure account and sample testing of income and expenditure account.
2. ESFA income materially accurate in terms of the financial statements.
3. Internal controls – no recommendations to make.
4. RKI asked if there is anything significantly different to previous years in the first 9 pages of the report, Mike confirmed there isn't.
5. Over the last 4/5 years there has been significant improvement, overall financial results are very good.
6. Staff costs of 73% includes the pension figure.
7. Net current assets increased from £1.3 million to £2.5 million.
8. Pension liability has reduced. ABA asked why this has changed significantly, Mike replied that when the liability is discounted back, higher interest rates mean a bigger discount. RKI asked if 'pension costs less contributions payable' is determined annually at year end and therefore can't be budgeted for, Mike confirmed that is the case as the figure is unknown. JHO confirmed with Mike that there is an element of risk that the annual cash contribution will increase. RKI asked if the pension service cost will become a liability, Mike said it is in the liabilities.
9. JHO asked if the swing on the pension liability is comparable with other colleges, Mike confirmed it is the same trend.
10. Following JHO's question about the management of the income process compared to other colleges, Mike agreed that Greenhead has a good internal process for this.

**Joint-3.** Corporation Annual report, Mike Benson will check the report and approve it, the financial statements will be added by JBL, and it will go to the board for approval. RKI said he has requested an alteration to the report. The committee members have no changes to the report subject to RKI's changes being made. It was agreed that Mike does not need to attend the Corporation meeting for this sign off.

**Joint-4.** Murray Smith have updated their engagement letter, changes made are in bold. This will go to Corporation meeting (5/12/22). Chair to sign when approved.

**Joint-5.** Murray Smith letter of representation, this is a standard document that all colleges Murray Smith work with are asked to sign. There is a reminder that it's a criminal offence if you

Clerk re  
agenda

	<p>mislead the auditors. This will go to Corporation with the financial statements, Chair to sign off when it's approved.</p> <p>Mike confirmed it wasn't necessary for SLE to step out of the meeting, there were no issues to discuss privately with the governors.</p> <p>JHO thanked Mike and his team for all their work.</p>	
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**Minutes prepared by Sharon Roper (Clerk to the Corporation) on 24/11/22**

**Approved & signed by John Holroyd, Chair on 20/2/23**